

UNCLAS SECTION 01 OF 02 LAGOS 000111

SIPDIS

USDOL WASHDC FOR ROBERT YOUNG

E.O. 12958: N/A

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SUBJECT: NIGERIA: DEREGULATION AND THE FUEL TAX: HIGHER PUMP PRICES PROMPT LASCO TO CALL A JANUARY 21 NATIONWIDE STRIKE

¶1. On January 7, 2004, the Nigeria Labour (NLC) warned the GON that labor and civil society groups will call a nationwide strike beginning January 21 if the GON fails to rescind its proposed 1.50 naira per liter fuel tax before that date. Although the National Assembly has not approved the tax proposal (in fact, Obasanjo has deleted it from his budget request), the fuel tax or an equivalent levy is reportedly being charged at service stations throughout the nation. Since issuing the 14-day ultimatum, labor has emphasized that its position includes an earlier demand that service stations sell fuel at the pre-October regulated price of 34 naira per liter. Anthony Jones, the AFL-CIO Solidarity Center Country Director who is working closely with the NLC to avert a strike, told Laboff that "mobilization" is just beginning, suggesting that the Labor and Civil Society Coalition (LASCO) efforts will likely be much less organized than the nationwide strike in July 2003 and the "mobilization" campaign for a threatened strike in October.

¶2. Laboff spoke to NLC Deputy President Joseph Akinlaja on January 13 regarding the possible strike and asked him if the NLC would consider suspending the strike if the GON does not approve the tax. Akinlaja said the NLC would continue mobilizing until fuel prices revert to the 34 naira per liter price. Despite press reports and public perception that clearly focuses on the fuel tax or levy as the impetus for the mass action, Akinlaja contends that deregulation remains at the heart of the conflict. He said LASCO, which is comprised of approximately fifty civil society groups, the NLC, and the Congress of Free Trade Unions (CFTU), is meeting around-the-clock to develop and implement a mobilization strategy to meet the January 21 strike date. Despite LASCO's widespread support, the Trade Union Congress (TUC), which includes the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN), has not agreed to participate in the strike.

¶3. At the beginning of its mobilization efforts, the NLC held several unorganized and poorly attended pre-strike rallies on January 15. Akinlaja, who spoke at an event in Ikeja, Lagos, told the audience that the NLC has put in place a plan that will ensure that the strike achieves its objectives. These objectives include the call for the immediate lowering of the fuel price back to the 34 naira per liter. Although Akinlaja did not comment on why the turnout at the much-publicized rally was unimpressive, he reiterated labor's commitment "to give whatever it takes to force government to accede to the NLC's demands." After the event, Labspec asked several labor leaders to respond to recent press reports that President Obasanjo had sent a letter to the National Assembly on January 14 requesting that the fuel tax proposal be withdrawn from consideration. These labor leaders contend that the President's letter was merely designed to deceive Nigerians. They also claim that Obasanjo is attempting to distance himself from criticism while giving Nigerians time to adjust to de facto implementation of higher fuel prices.

¶4. Comment: Months of strike threats followed by failed agreements between labor and the GON have taken a toll on the Nigerian public, making people less and less ready to answer labor's "mobilization" calls. While most Nigerians bitterly oppose the fuel tax, they are becoming less confident in the NLC's ability to lead in these types of "quality of life" issues. NLC leaders recognize that their credibility has been severely damaged due to their decision to suspend previous strike actions in favor of GON-NLC negotiated agreements, which the GON has often failed to implement. Desperately in need of a victory to sell to its constituents, the NLC may choose to strike, no matter what the GON does or does not do, merely to try to send a message to Obasanjo that the organization is still a major political player. However, since labor is not prepared to sustain a strike and mobilization has been relatively weak, cooler heads within LASCO may

choose to use Obasanjo's attempt to remove the fuel tax to claim victory and call off the strike. This scenario is even more likely since labor leaders have told Laboff that they do not expect to win the battle over deregulation. If the NLC decides to call the strike, Nigerians may stay home from work for a time but protests will likely be poorly attended, unorganized, and short-lived. End comment.

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